

RIDEAU PARK FOUNDATION FOR MINISTRY

Guidelines for Operation

Preamble

The special resolution establishing the Rideau Park Foundation for Ministry required that “...specific guidelines governing the operation of the Foundation be prepared by the *Council* and approved at the next annual meeting of the congregation before any funds are disbursed.”

These guidelines are therefore intended to provide some direction to those committees which have specific responsibilities for the Foundation’s operation. They are intended to facilitate its operation by clarifying and expanding on the enabling resolution.

The guidelines are organized under the following headings:

1. Introduction
2. Promotion
3. Investment
4. Special Condition
5. Receipts
6. Disbursements
7. Revenue Canada Requirements
8. Termination

Rideau Park Foundation for Ministry

1. INTRODUCTION

- 1.1 The Rideau Park Foundation for Ministry was established by the congregation at its annual meeting on February 2nd, 1994. Establishment of the Foundation was consistent with a recommendation¹ of the Rideau Park Program Review Committee which issued its final report in January 1994.
- 1.2 The Foundation is intended to be a permanent source of supplementary funding for special needs at Rideau Park United Church. It is not intended that Foundation funds be budgeted to cover regular and ongoing operational requirements of the church.

2. PROMOTION

- 2.1 The *Stewardship Committee* is responsible for promotion of the Foundation. It will, inter alia, promote the donation of unrestricted gifts to the Foundation.
- 2.2 The *Memorial and Special Gifts Committee* will record memorial gifts to the Foundation in the church's register of memorial gifts.

¹ *Final Report, Section VI. Specific Recommendations Trustees 2.c.*
“actively encourage gifts, both inter vivos and posthumous, to a trust or foundation dedicated to the overall needs of the church. The management of the fund would be the responsibility of the Trustees, with the income going to the general fund.”

3. INVESTMENT

- 3.1 The *Trustees* are the custodians of the Foundation and are responsible for investing and administering Foundation funds. This includes the safekeeping and maintenance of all required financial records.
- 3.2 The investment principles are maximization of income and security of principal. These principles are to be exercised consistent with prudent practice and the Foundation's conditions of operation.
- 3.3 Consideration should be given to a variety of investment opportunities such as mutual funds and other vehicles, including equities. Investments chosen by the *Trustees* will comply with all United Church and any other regulatory/legal requirements.
- 3.4 It may be reasonable to invest the \$100,000 base portion of the Foundation in vehicles with less liquidity: for example, a longer-term GIC. These funds will not be required for disbursement (see special condition that follows).
- 3.5 At each annual meeting of the congregation, the *Trustees* will provide financial statements for the previous year.

4. SPECIAL CONDITION

- 4.1 As a condition of Presbytery's approval to transfer the Manse Fund to the Foundation, the *Trustees* must ensure that funds up to the value of the Manse Fund will "... always be available for ministers' housing."²

² *Extract from minutes of the May 10, 1994 meeting of the Ottawa Presbytery (page 6082). This action was confirmed in a July 4th, 1994 letter from Mrs. Sara W. Surjadinata, Executive Secretary of the Ottawa Presbytery, to the Chair of the Official Board (subsequently replaced as Council), Rideau Park United Church.*

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- 4.2 The intent of this condition is to ensure that funds, at least to the value of the Manse Fund, would be made available for housing related purposes for Rideau Park clergy when and if needed.
- 4.3 The value of the Manse Fund at the time of transfer (May 10, 1994) was \$42,000. This amount will be protected as part of the \$100,000 base of the Foundation. Should there ever be a housing-related need when sufficient funds over and above the \$100,000 are not available for this purpose, the *Council* can advance housing funds in accordance with the guidelines for disbursement, subject to later ratification. This ratification would likely require an amendment to the enabling resolution.
- 4.4 Note that amendments to the enabling resolution require a two-thirds vote of the members present and voting at an annual meeting of the congregation for which notice of intent to amend the resolution has been given, or at a special meeting called for the purpose of amending the resolution.

5. RECEIPTS

- 5.1 It is expected that most donations to the Foundation will be bequests through gift annuities, with current tax benefits, and through wills and life insurance, with tax benefits accruing to the estate.
- 5.2 The *Stewardship Committee* will promote the donation of unrestricted gifts directed to the Foundation. Unrestricted gifts are those with no conditions attached to the use of the funds.
- 5.3 The Foundation will increase in value until the principle (unrestricted gifts) and income earned reach \$100,000. After that, income earned and one half of additional unrestricted gifts will be treated as proceeds available for disbursement.

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- 5.4 Any gifts that specify the use to which the gift is to be put will be known as restricted gifts and used as designated. Efforts should be made to expend designated gifts within one year or as soon as possible.
- 5.5 The *Stewardship Committee* will carefully consider the nature, extent and impact of restrictions attached to such gifts. The *Stewardship Committee* might recommend against accepting a designated gift if, for example. It is specified for a cause or organization that the church does not support, or if the terms and conditions around the gift impose unreasonable demands.
- 5.6 The *Stewardship Committee* must make its recommendations to *Council* as to whether a designated gift should be accepted within 30 days (July or August excepted) of the receipt of the gift. The *Council* must then decide within 30 days (July or August excepted) whether to accept the gift. The acceptance must be approved by a two-thirds majority of *Council* members present.
- 5.7 The *Council* meets a minimum of four times a year. Given the 30 day requirement for accepting of gifts, a special meeting of *Council* may be required to decide whether to accept a designated gift.
- 5.8 The *Council* will notify the *Trustees* and the *Memorial and Special Gifts Committee* when a designated gift to the Foundation has been accepted.

6. DISBURSEMENTS

- 6.1 Decisions on the use and disbursements of Foundation funds will be taken by the *Council* of Rideau Park United Church.
- 6.2 Written proposals for the expenditure of Foundation funds can be brought to the *Council* by any member of Rideau Park United Church.

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- 6.3 The *Council* will consider any proposals received at its next meeting or at a special meeting if deemed necessary and called by the chair of the *Council*. Members must be given reasonable notice of intent to discuss a spending proposal, and decisions on a proposal cannot be taken at the same meeting that it is introduced for discussion.
- 6.4 Expenditures from the Foundation must be approved by a two-thirds majority of *Council* members present.
- 6.5 Disbursements from the Foundation cannot be made until the value of unrestricted gifts – the Manse Fund transfer is not restricted – and income earned reaches \$100,000. After that, income earned and one half of additional unrestricted gifts will be treated as proceeds available for disbursement.
- 6.6 The value of the Foundation will continue to increase over and above the \$100,000 base by at least one half of additional unrestricted gifts. The enabling resolution did not set a ceiling value for the Foundation.
- 6.7 The *Council* is free to authorize any expenditure from the Foundation the purpose of which is “... to enhance and further the mission and ministries of Rideau Park United Church, locally, nationally or globally.”³

³ *Extract from clause 6 of the special resolution establishing the Rideau Park Foundation for Ministry. The resolution was approved by the congregation of Rideau Park United Church at its annual meeting on February 2nd, 1994.*

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- 6.8 It is intended that Foundation funds should be used as a source of supplementary funding for special needs such as ministers’ housing, property renewal, outreach projects and new programs. It is not intended that Foundation funds be budgeted for regular and ongoing operational requirements of the church.

7. REVENUE CANADA REQUIREMENTS

- 7.1 The Foundation, as established, has no special status under the Income Tax Act. It is not a public foundation or a private foundation as defined under the Act.
- 7.2 Information received from the Charities Division at Revenue Canada Taxation indicates that, each year, we must spend on charitable activities, or as gifts to qualified donors, not less than 80% of the amounts for which we issued receipts during the preceding year, less any gifts received by way of bequest for which no receipt is issued.
- 7.3 As long as we meet our disbursement quota, the Foundation is simply treated as a fund like any other. No special permission from Revenue Canada is necessary to accumulate funds, nor are any special returns required to be filed. The Foundation will be reported on the Registered Charity Information Return and Public Information Return (T3010) filed each year by Rideau Park United Church.
- 7.4 A disbursement excess from one year can be applied against a disbursement shortfall occurring in the taxation year before that year and up to five of its following taxation years until the excess is depleted. Examples of how the disbursement quota requirement would apply are included as Appendix 1.

8. TERMINATION

- 8.1 The Foundation is intended to be a permanent source of supplementary funding for Rideau Park United Church.
- 8.2 In the event that Rideau Park United Church ceases to exist, Conference will determine, in consultation with Presbytery, the ways in which the Foundation's assets will be used to further the work of the United Church.

APPENDIX 1

Examples of how the disbursement quota requirement would apply

We must spend on charitable activities, or as gifts to qualified donors, not less than 80% of the amounts for which we issued receipts during the preceding year, less any gifts received by way of bequest for which no receipt is issued.

The 1994 budget, for example, called for expenditures amounting to 105% of the previous year's received donations. Even with no-growth budgets, expenditures would generally exceed received donations because of "loose" givings, rentals and other fees, and other donations that are not received, for example, funds from the UCW.

Only if the Foundation received large donations in a given year for which tax receipts were issued, would there be a potential impact on the general fund situation. Using 1993 as an example, such donations would have had to be almost \$150,000 before there would be any cause for concern, i.e. not meeting the 80% spending requirement. Received Foundation donations of \$100,000 would have increased total received donations to \$550,000 requiring that \$440,000 be spent in 1994.

A disbursement excess from one year can be applied against a disbursement shortfall occurring in the taxation year before that year and up to five of its following taxation years until the excess is depleted.